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CENTRAL INTELLIGENCE AGENCY
Washington 25, D. C.

FOREIGN ECONOMIC INTELLIGENCE REQUIREMENTS
RELATING TO THE NATIONAL SECURITY

Outline

Preface

Types of Foreign Economic Information and Intelligence Required by US
Agencies

I. Economic Information

- A. Introductory statement
- B. Background information
- C. Current information and reports
 - (1) unevaluated information
 - (2) semi-processed information
 - (a) with field evaluation only
 - (b) with limited scope or preliminary evaluation.

DOCUMENT NO. 3

CIA HAS DETERMINED THAT THIS DOCUMENT
MAY BE DECLASSIFIED SUBJECT TO REVIEW
BY: 19360

AUTHORITY: HR 70-2

REVIEWER: 19360 DATE: 25/1/80

II. Basic Economic Studies (descriptive and analytical)

- A. Introductory statement
- B. Countries
- C. Areas
- D. Commodities
- E. Functions (e.g., international organizations,
finance, transportation)

III. Operational Economic Intelligence in Support of Special US Activities

- A. Introductory statement
- B. Economic
- C. Political
- D. Military

Document 3

THE C.I.A. HAS NO OBJECTION
TO THE DECLASSIFICATION OF
THIS DOCUMENT.

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IV. Estimates Predominantly Designed to Serve as a Basis for National
Planning and Policy Decisions.

- A. Introductory statement
- B. Estimates and analyses of economic conditions, capa-
bilities and vulnerabilities of foreign countries
singly or in groups.

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NO CHANGE IN CLASS. ☐

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- C. Estimates and analyses of the economic developments, including policies, in foreign countries, singly or in groups, with particular respect to:
 - (1) indications of political and military, as well as economic intentions or courses of action;
 - (2) economic effects on the particular foreign country;
 - (3) economic effects on other foreign countries;
 - (4) effects on US national interest
- D. Estimates concerning the foreign economic aspects of US policies and courses of action affecting national security, required:
 - (1) in support of the formulation of policies and decisions;
 - (2) as appraisals of the consequences and effectiveness of US policies during their implementation.

NOTE: The above outline was approved by the Economic Coordination Committee on 27 September 1950.

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I. ECONOMIC INFORMATION

Foreign economic information is the raw material from which intelligence reports are produced. It is of the utmost importance to the production of finished intelligence for accurate and reliable information to be readily available at the time needed and in adequate amounts. A large part of this information is unclassified and readily available, awaiting only collection. The collection of economic information must be continuous and should embrace every phase of economic activity. Though much of it will not immediately be used, it must be readily available, because in the event of a national emergency collection is inevitably subject to complications and delays. Tab A of the Supplement has been prepared to specify in detail the scope of the requirements for economic information.

The quality and quantity of foreign economic information available to the intelligence agencies depend especially upon the adequacy and effectiveness of the collecting and processing facilities of the US Government. In the case of certain countries special facilities are required to obtain information either because such information is not published at all or a curtain has been drawn to prevent information from being acquired. In the case of many foreign countries, too, most of the economic information is available only in foreign languages and a tremendous task of translation is necessitated. Moreover, in order to provide ready access to information acquired, a thorough cataloging is a prerequisite. This cataloging may require only a title of the document and brief description of contents, or it may need to be cataloged under

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several kinds of subject headings with a considerable breakdown of the subject-matter under each of the headings.

The information required on all phases of economic activity in foreign countries creates tremendous burden on collection and processing facilities. It cannot be expected that the collection and processing facilities would be adequate to meet all requirements, and priorities must be established to give direction to those efforts. The priority assigned to the collection, field evaluation, translation, cataloging and other processing functions of information should be determined largely by the intelligence requirements for support of the major subjects of intelligence interests which are outlined in Sections III and IV of this paper.

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II. BASIC ECONOMIC STUDIES

A. Introductory Statement.

The impossibility of processing all of the economic information which US agencies should have and the difficulty of even collecting this information in time of emergency have been alluded to in Section I. Basic economic studies as outlined below are designed to minimize these problems. Their purpose is to organize, analyze, and present widely scattered economic information about countries, areas, commodities, and functions in a manner that will be useful for immediate governmental needs in connection with policy-making, planning, and operations. As a body of reliable, evaluated, and collated information, they should be particularly useful in the preparation of the estimates outlined in Sections III and IV. These studies are of two main types:

1. Basic studies in the form of comprehensive descriptive, and analytical surveys;
2. Current studies describing, analyzing, and evaluating recent developments and trends.

B. Basic studies.

1. Country or area studies.

These studies assemble, organize, and evaluate available essential information about selected countries or geographic areas. They are thus reliable reference works, providing background for the evaluation of current intelligence, for specific operations, and for the formulation of policy.

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These studies would normally cover the following aspects of the economy of a particular country or area: general economic structure, general strategic supply position, agriculture, fisheries, forests and forest products, food, manpower, fuels and power, minerals and metals, manufacturing and processing industries, transportation, telecommunications, finance, and trade.

2. Commodity studies (world-wide by country).

Commodity studies differ from country studies in two principal respects. First, they present all essential information on specific commodities on a world-wide basis and thus permit comparisons to be drawn between the various regions of the world with respect to a given commodity or industry; second, they develop in more detail than do country studies such information on commodities as names, location, and ownership of mines and other producing facilities; specific grades and types of ore and other products; degree of technical development; transportation routes etc. This detail is not required in an analysis of a particular country but is essential, for example, in the analysis of the world supply situation of a commodity when considered in relation to the strategic material requirements of the US and its allies.

3. Functional studies.

In addition to the country and commodity studies outlined above, basic studies are required on certain functional subjects such as telecommunications, transportation, international trade, international finance, and international economic organizations. These studies provide

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detailed descriptions of the facilities in a particular country or area for carrying on a certain function, an appraisal of the adequacy of such facilities, and an estimate of their capabilities for operating to the benefit or detriment of other foreign countries and the US.

C. Current studies.

1. Country and area studies.

These studies analyze recent economic developments and trends within selected countries and areas. Specifically, they are concerned with trends in national income, employment, production, prices and cost of living, balance of payments, and government finance, as well as new developments indicative of important advances or serious setbacks in agriculture, mining, manufacturing, transportation, etc. and likely to have considerable effects upon the level of economic activity within a particular country or area. The analysis also notes changes in government policies or programs likely to facilitate or hamper production, trade, or investment.

2. Commodity studies.

These studies indicate significant developments and trends which affect the strategic supply position of the US and other countries. They are concerned with the same factors as the basic studies.

3. Functional studies.

These studies indicate significant developments which affect the capabilities and vulnerabilities of foreign countries or of the US. They are concerned with the same factors as the basic studies.

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III. OPERATIONAL ECONOMIC INTELLIGENCE IN SUPPORT OF SPECIFIC MILITARY, POLITICAL, AND ECONOMIC ACTIVITIES.

US military, political, and economic activities require a large volume of economic intelligence designed specifically to support these activities. A breakdown of such intelligence is given in the outline below. At the same time, it should be noted that much of the intelligence produced in answer to other particular requirements is also useful for these activities. Frequently, for instance, current intelligence reports, when properly evaluated against the background of basic estimates, are useful for this purpose. This is also true of a considerable part of the intelligence required for national policy-making and planning, notably individual studies of major industries, commodities, and services, and analyses of the ability of particular areas and facilities to support military and economic operations. These studies are included in the estimates of capabilities and vulnerabilities needed by policy-makers and planners and are discussed more fully in Section IV.

- A. Economic intelligence for the support of specific military operations in wartime. Such intelligence would cover the following subjects:
 - 1. Logistical support of US and allied forces
 - 2. Enemy capabilities
 - 3. Strategic and tactical targets
 - 4. Maintenance of law and order and the prevention of disease and unrest.
- B. Economic intelligence for the support of political operations during the "cold war" and in wartime. These operations would include the following.
 - 1. Psychological warfare
 - 2. Diplomatic and other measures

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C. Economic intelligence for the support of economic operations.
These operations would be as follows:

1. "Cold war" measures
 - a. Export-Import licensing
 - b. Preclusive buying
 - c. Foreign funds control
 - d. Economic assistant, procurement, and development
2. Wartime measures
 - a. The "cold war" measures already noted
 - b. Navicert system
 - c. Ship warrant system
 - d. Enemy export control
 - e. Black listing.

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IV. A.

- B. Estimates and analyses of the economic capabilities and vulnerabilities of foreign countries, singly or in groups.

The outline below indicates these aspects of economic capabilities and vulnerabilities which are most important for purposes of policy-making and planning and which represent the main areas of interest for the various government agencies concerned. Intelligence studies on these subjects will vary greatly in comprehensiveness; one study will treat merely one phase of the problem in a single country, while another will cover the entire subject for a whole area.

1. Estimates and analyses of economic capabilities.

- a. Capabilities to achieve or maintain economic stability and to achieve economic development.

These estimates of the ability of certain countries to achieve economic stability and their prospects for economic development would include analysis of the current economic situation and major trends and of the basic economic capabilities of the countries under consideration. The analysis would necessarily take account of the degree of internal political stability obtaining in these countries and also of their political, economic, and military relations in the field of foreign affairs.

- b. Capabilities to wage economic warfare against or to render economic assistance to other countries.

These studies would estimate the economic capability of certain countries to: (1) weaken the war effort or undermine the strength and stability of an opposing power and its allies;

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(2) encourage and assist the defection of the opposing power's allies; (3) obtain the support and allegiance of "neutral" nations; (4) benefit from the resources and technology of the opposing power and its allies through legal or extra-legal trade channels.

c. Economic capabilities to carry on military or paramilitary operations.

(1) Economic capabilities for war with respect to indigenous resources.

These estimates would be based on analyses of: the economic capacity of certain countries to mobilize their resources; their production capabilities and stocks of industry, agriculture, transportation, and communications; and their consumption requirements for both civilian and military purposes.

(2) Economic capabilities for war with respect to a mobilization effort in combination with that of other countries.

These studies would estimate the total capabilities which a selected group of countries could mobilize for military action. Estimates of the total capabilities of powers opposing the US and of US-Allied mobilization capabilities would be of particular importance. The former would require an analysis of factors similar to those in c, (1) above. The latter study would require an analysis of the capabilities of individual Allies and neutral countries to supply materials, products, and services

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deficient in the US and other Allied countries as well as the extent to which each country would be dependent on outside sources to support its role in a joint Allied war effort. Such appraisals would include evaluations of possible reductions in US and Allied capabilities as a result of victories and occupation by the opposing forces. They would also determine the measures and arrangements which would insure most effective utilization of total US and Allied resources.

- (3) Increased economic capabilities for war as a result of immediate conquest.

These studies would investigate the economic capabilities of certain areas liable to be over-run by an opposing force and the extent to which these capabilities could be used by the occupying power.

- (4) Economic capabilities to provide logistical support for specific military campaigns.

Such studies would estimate the economic capabilities of certain countries to provide logistical support for particular military campaigns undertaken by their own troops, the troops of their allies, or the troops of an invading enemy force. These estimates would be dependent upon military intelligence relating to particular campaigns, and would require logistical studies of munitions, food, fuel, lubricants, repair facilities, manpower, transportation, and storage.

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- d. Economic capabilities of an occupied country as they relate to the problems of the occupying power.

These estimates would investigate the anticipated capabilities of a conquered country to support itself during a period of occupation and also the most effective methods of controlling the economies of defeated countries. The studies would take careful account of US-Allied objectives in establishing control over the economies and of the estimated extent of war damage to the economies of occupied countries. The studies would analyze problems of control in the fields of economic organization; sanitation and public health; food supply and distribution; public works and utilities; labor and industry; transportation and communications; storage; finance; foreign trade and exchange; restitution and reparations; and foreign assistance.

2. Estimates and analyses of economic vulnerability.

The purpose of these studies would be to estimate the economic vulnerability of certain countries or areas to attack by economic, political, or military measures of an opposing force. These estimates would consider the relative vulnerability of various industries, transportation, and other segments of the economy to measures employed for the purposes mentioned in Section IV. B. 1. b, above. They would necessarily take into account the capability of the opposing power to employ such measures. As a basis for estimates in this category, broad background intelligence studies would be needed to set forth and analyze the importance of selected industries or services; the structure of the industry

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or service; and the vulnerability factors. Each instrument or measure, however, has its own particular problems, and therefore additional studies of these specific problems would also be needed.

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IV. C. Estimates of the effect of economic developments in foreign countries, singly or in groups.

1. Indications of military, political, or economic intentions.

a. Military intentions.

These studies would, on a continuing basis, examine current economic developments for any indications that certain designated countries intended to wage war, either guerrilla or regular. In its simplest form, the estimate would be based on indicators of military preparations gathered through the use of a checklist as a frame of reference. In addition to these summary analyses, however, comprehensive and detailed estimates should also be made of specific economic developments indicative of military intentions.

b. Political and economic intentions.

These studies would analyze, again on a continuing basis, current economic indications of the intention of specified countries to adopt political or economic measures designed to strengthen, weaken, or utilize the capabilities of other areas, or to strengthen and develop themselves.

2. Economic effects of internal developments on specified countries.

Such studies would estimate the effect of internal developments or courses of action adopted by the countries under consideration on the economic capabilities and stabilities of these countries. These estimates, based upon analysis of current developments, would determine the major economic problems facing the countries; the governmental

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policies relating to these problems; and the effect of probable courses of action, including requests for assistance from other nations.

3. Economic effects of developments in certain countries on other countries.

These studies would estimate the impact of current developments or courses of action in certain countries on the economy of other countries and would define the courses of action which these other countries would in turn have to adopt.

4. Effect on US security of economic developments in other countries.

The studies in this category would be concurred with foreign economic developments which directly affect the national security of the US rather than with developments which prompt the countries to adopt a course of action that in turn affects US security. It should be noted, however, that IV,C, 1, 2, and 3 implicitly require analysis in the light of US security interests.

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IV. D. Estimates of the economic consequences in other countries of US policies and courses of action.

1. Consequences in other countries of possible US policies and courses of action under existing or foreseeable circumstances.

These estimates are needed for planning national policies and courses of action. They are normally based on a number of intermediate estimates, the more important of which are treated in Sections IV B and C above. Therefore, these intermediate estimates, although essential for a number of independent uses, will frequently be prepared as needed for policy-planning estimates. On the other hand, it should be noted that the intelligence process itself may in the development of estimates suggest national policy.

2. Consequences in other countries of current US policies and courses of action.

These studies would estimate the effect abroad of existing US policies and courses of action and would assist in appraising their effectiveness in attaining US security objectives.

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